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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## LOK SABHA

The following Bill was introduced in Lok Sabha on 22nd March, 2002.

BILL NO. 25 OF 2002

*A Bill further to amend the Legal Services Authorities Act, 1987.*

Be it enacted by Parliament in the Fifty-third Year of the Republic of India as follows:—

- |  |                               |
|--|-------------------------------|
| 1. This Act may be called the Legal Services Authorities (Amendment) Act, 2002.  | Short title.                  |
| 2. In the Legal Services Authorities Act, 1987 (hereinafter referred to as the principal Act), in section 11A, in sub-section (2), in clause (a), for the words "senior Civil Judge", the words "senior-most Judicial Officer" shall be substituted. | Amendment of section 11A.     |
| 3. In section 22 of the principal Act, for the words "Lok Adalat", wherever they occur, the words "Lok Adalat or Permanent Lok Adalat" shall be substituted.   | Amendment of section 22.      |
| 4. After Chapter VI of the principal Act, the following Chapter shall be inserted, namely:—  | Insertion of new Chapter VIA. |

### 'CHAPTER VIA

#### PRE-LITIGATION CONCILIATION AND SETTLEMENT

22A. In this Chapter and for the purposes of sections 22 and 23, unless the context otherwise requires,—

(a) "Permanent Lok Adalat" means a Permanent Lok Adalat established under sub-section (1) of section 22B;

(b) "public utility service" means any—

- (i) transport service for the carriage of passengers or goods by air, road or water; or
- (ii) postal, telegraph or telephone service; or
- (iii) supply of power, light or water to the public by any establishment; or
- (iv) system of public conservancy or sanitation; or
- (v) service in hospital or dispensary; or
- (vi) insurance service,

and includes any service which the Central Government or the State Government, as the case may be, may, in the public interest, by notification, declare to be a public utility service for the purposes of this Chapter.

Establishment  
of Permanent  
Lok Adalats.

22B. (1) Notwithstanding anything contained in section 19, the Central Authority or, as the case may be, every State Authority shall, by notification, establish Permanent Lok Adalats at such places and for exercising such jurisdiction in respect of one or more public utility services and for such areas as may be specified in the notification.

(2) Every Permanent Lok Adalat established for an area notified under sub-section (1) shall consist of—

(a) a person who, is or has been, a district judge or additional district judge or has held judicial office higher in rank than that of a district judge, shall be the Chairman of the Permanent Lok Adalat; and

(b) two other persons having adequate experience in public utility service to be nominated by the Central Government or, as the case may be, the State Government on the recommendation of the Central Authority or, as the case may be, the State Authority,

appointed by the Central Authority or, as the case may be, the State Authority, establishing such Permanent Lok Adalat and the other terms and conditions of the appointment of the Chairman and other persons referred to in clause (b) shall be such as may be prescribed by the Central Government.

Cognizance of  
cases by  
Permanent  
Lok Adalat

22C. (1) Any party to a dispute may, before the dispute is brought before any court, make an application to the Permanent Lok Adalat for the settlement of dispute:

Provided that the Permanent Lok Adalat shall not have jurisdiction in respect of any matter relating to an offence not compoundable under any law:

Provided further that the Permanent Lok Adalat shall also not have jurisdiction in the matter where the value of the property in dispute exceeds ten lakh rupees:

Provided also that the Central Government may, by notification in the Official Gazette, increase the limit of ten lakh rupees specified in the second proviso in consultation with the Central Authority.

(2) After an application is made under sub-section (1) to the Permanent Lok Adalat, no party to that application shall invoke jurisdiction of any court in the same dispute.

(3) Where an application is made to a Permanent Lok Adalat under sub-section (1), it—

(a) shall direct each party to the application to file before it a written statement, stating therein the facts and nature of dispute under the application, points or issues in such dispute and grounds relied in support of, or in opposition to, such points or issues, as the case may be, and such party may supplement such statement with any document and other evidence which such party

deems appropriate in proof of such facts and grounds and shall send a copy of such statement together with a copy of such document and other evidence, if any, to each of the parties to the application;

(b) may require any party to the application to file additional statement before it at any stage of the conciliation proceedings;

(c) shall communicate any document or statement received by it from any party to the application to the other party, to enable such other party to present reply thereto.

(4) When statement, additional statement and reply, if any, have been filed under sub-section (3), to the satisfaction of the Permanent Lok Adalat, it shall conduct conciliation proceedings between the parties to the application in such manner as it thinks appropriate taking into account the circumstances of the dispute.

(5) The Permanent Lok Adalat shall, during conduct of conciliation proceedings under sub-section (4), assist the parties in their attempt to reach an amicable settlement of the dispute in an independent and impartial manner.

(6) It shall be the duty of every party to the application to cooperate in good faith with the Permanent Lok Adalat in conciliation of the dispute relating to the application and to comply with the direction of the Permanent Lok Adalat to produce evidence and other related documents before it.

(7) When a Permanent Lok Adalat, in the aforesaid conciliation proceedings, is of opinion that there exist elements of settlement in such proceedings which may be acceptable to the parties, it may formulate the terms of a possible settlement of the dispute and give to the parties concerned for their observations and in case the parties reach at an agreement on the settlement of the dispute, they shall sign the settlement agreement and the Permanent Lok Adalat shall pass an award in terms thereof and furnish a copy of the same to each of the parties concerned.

(8) Where the parties fail to reach at an agreement under sub-section (7), the Permanent Lok Adalat shall, if the dispute does not relate to any offence, decide the dispute.

22D. The Permanent Lok Adalat shall, while conducting conciliation proceedings or deciding a dispute on merit under this Act, be guided by the principles of natural justice, objectivity, fair play, equity and other principles of justice and shall not be bound by the Code of Civil Procedure, 1908 and the Indian Evidence Act, 1872.

Procedure of  
Permanent  
Lok Adalat.

5 of 1908.  
1 of 1872.

22E. (1) Every award of the Permanent Lok Adalat under this Act made either, on merit or in terms of a settlement agreement, shall be final and binding on all the parties thereto and on persons claiming under them.

Award of  
Permanent  
Lok Adalat to  
be final.

(2) Every award of the Permanent Lok Adalat under this Act shall be deemed to be a decree of a civil court.

(3) The award made by the Permanent Lok Adalat under this Act shall be by a majority of the persons constituting the Permanent Lok Adalat.

(4) Every award made by the Permanent Lok Adalat under this Act shall be final and shall not be called in question in any original suit, application or execution proceeding.

(5) The Permanent Lok Adalat may transmit any award made by it to a civil court having local jurisdiction and such civil court shall execute the order as if it were a decree made by that court.

**Amendment of section 23.**           **5.** In section 23 of the principal Act, for the words “members of the Lok Adalats”, the words “members of the Lok Adalats or the persons constituting Permanent Lok Adalats” shall be substituted.

**Amendment of section 27.**           **6.** In section 27 of the principal Act, in sub-section (2), after clause (I), the following clause shall be inserted, namely:—

“(Ia) the other terms and conditions of appointment of the Chairman and other persons under sub-section (2) of section 22B;”.

## STATEMENT OF OBJECTS AND REASONS

The Legal Services Authorities Act, 1987 was enacted to constitute legal services authorities for providing free and competent legal services to the weaker sections of the society to ensure that opportunities for securing justice were not denied to any citizen by reason of economic or other disabilities and to organize Lok Adalats to ensure that the operation of the legal system promoted justice on a basis of equal opportunity. The system of Lok Adalat, which is an innovative mechanism for alternate dispute resolution, has proved effective for resolving disputes in a spirit of conciliation outside the courts.

2. However, the major drawback in the existing scheme of organisation of the Lok Adalats under Chapter VI of the said Act is that the system of Lok Adalats is mainly based on compromise or settlement between the parties. If the parties do not arrive at any compromise or settlement, the case is either returned to the court of law or the parties are advised to seek remedy in a court of law. This causes unnecessary delay in the dispensation of justice. If Lok Adalats are given power to decide the cases on merits in case parties fails to arrive at any compromise or settlement, this problem can be tackled to a great extent. Further, the cases which arise in relation to public utility services such as Mahanagar Telephone Nigam Limited, Delhi Vidyut Board, etc., need to be settled urgently so that people get justice without delay even at pre-litigation stage and thus most of the petty cases which ought not to go in the regular courts would be settled at the pre-litigation stage itself which would result in reducing the workload of the regular courts to a great extent. It is, therefore, proposed to amend the Legal Services Authorities Act, 1987 to set up Permanent Lok Adalats for providing compulsory pre-litigative mechanism for conciliation and settlement of cases relating to public utility services.

3. The salient features of proposed legislation are as follows:—

(i) to provide for the establishment of Permanent Lok Adalats which shall consists of a Chairman who is or has been a district judge or additional district judge or has held judicial office higher in rank than that of the district judge and two other persons having adequate experience in public utility services;

(ii) the Permanent Lok Adalat shall exercise jurisdiction in respect of one or more public utility services such as transport services of passengers or goods by air, road and water, postal, telegraph or telephone services, supply of power, light or water to the public by any establishment, public conservancy or sanitation, services in hospitals or dispensaries; and insurance services;

(iii) the pecuniary jurisdiction of the Permanent Lok Adalat shall be upto rupees ten lakhs. However, the Central Government may increase the said pecuniary jurisdiction from time to time. It shall have not jurisdiction in respect of any matter relating to an offence not compoundable under any law;

(iv) it also provides that before the dispute is brought before any court, any party to the dispute may make an application to the Permanent Lok Adalat for settlement of the dispute;

(v) where it appears to the Permanent Lok Adalat that there exist elements of a settlement, which may be acceptable to the parties, it shall formulate the terms of a possible settlement and submit them to the parties for their observations and in case the parties reach an agreement, the Permanent Lok Adalat shall pass an award in terms thereof. In case parties to the dispute fail to reach an agreement, the Permanent Lok Adalat shall decide the dispute on merits; and

(vi) every award made by the Permanent Lok Adalat shall be final and binding on all the parties thereto and shall be by a majority of the persons constituting the Permanent Lok Adalat.

4. The Bill seeks to achieve the above objects.

ARUN JAITLEY.

NEW DELHI;

*The 11th March, 2002.*

### FINANCIAL MEMORANDUM

Clause 4 of the Bill seeks to insert section 22B in the Legal Services Authorities Act, 1987 which establishes the Permanent Lok Adalats consisting of a Chairman who is or has been a district judge or additional district judge or has held judicial office higher in rank than that of a district judge and two other persons having adequate experience in public utility services. These Permanent Lok Adalats will provide compulsory pre-litigative mechanism for conciliation and settlement of cases relating to public utility services. Enforcement of the said provision would involve expenditure of recurring nature from the Consolidated Fund of India. It is not possible at this stage to indicate precisely the quantum of expenditure involved as the expenditure will depend upon the terms and conditions of appointment of Chairman and other persons to be specified under the rules made under the said Act and will be met out of the grants-in-aid given to the Central Authority, that is, National Legal Services Authority (NALSA).

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### MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 6 of the Bill seeks to insert a new clause (1a) after clause (1) of sub-section (2) of section 27 of the principal Act. This new clause empowers the Central Government to make rules in respect of other terms and conditions of appointment of the Chairman and other persons constituting the Permanent Lok Adalat under sub-section (2) of the proposed section 22B.

2. The matters in respect of which rules may be made are matters of procedure or administrative detail. The delegation of legislative power is, therefore, of a normal character.

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G. C. MALHOTRA,  
*Secretary-General.*

